

**COMMONWEALTH OF VIRGINIA
VIRGINIA EMPLOYMENT COMMISSION
Workforce Investment Act**

Policy Number	02-02
Effective Date:	June 30, 2006
Revision #	1
Revision Date	Draft Date 10/24/05
Title	Recaptured Workforce Investment Act Title I Local Formula Funds

References: WIA § 127, 128, 132, 133; 20 CFR 667.107, 667.150, 667.160, 660.300
Virginia 2005-2007 WIA State Plan, USDOL Waiver letter dated August 3, 2005.

Background:

As specified by the WIA and its attendant regulations, funds allocated to LWIAs under the WIA for any program year are available for expenditure *only* during that program year and the succeeding program year. Under existing law, at the end of the first year of the allocation cycle the Governor may recapture the amount by which the prior year's unobligated balance of allocated funds exceeds 20 percent of that year's allocation for the program, less any amount reserved (up to 10 percent) for the costs of administration. At the end of the second year of the allocation cycle, the Governor must recapture all unexpended funds.

In accordance with a recently approved waiver granted to the Commonwealth from the United States Department of Labor, unexpended funds may now be recaptured by the State at the end of the first year of local availability and may be used for statewide projects or reallocation to eligible local areas.

Policy Statement:

The Virginia Workforce Council will determine on an annual basis if local funds are to be recaptured, beginning with the program year that ends on June 30, 2006, and each program year subsequent to that date.

Review Criteria:

At the end of each program year, the VWC will consider the following criteria in determining if funds are to be recaptured from local areas:

1) Expenditures will be reviewed (using the year-end reports submitted by the LWIBs). LWIBs that have not expended 80 percent of funds allocated for a program at the end of the first program year of availability will be subject to the recapture provisions outlined in this policy.

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A sample calculation is as follows:

- \$100,000 Allocation
- (\$10,000) Administration Reserve of 10 percent
- \$90,000 Remaining to expend
- $\$90,000 \times .80 = \$72,000$ (required expenditure amount).

Exceptions:

If a local area has failed to expend 80% of their allocation at the end of a program year, but can document that it has received an equal or greater amount of funding for the same time period and also targeted to serve two of the three primary WIA-targeted populations (disadvantaged adults, dislocated workers and youth), the LWIB may submit a request to the VWC to be exempt from any recapture for that program year.

Process:

Any unexpended funds exceeding 20 percent of the allocation, less any amount reserved for administration up to 10 percent, will be subject to recapture if such determination is made by the Virginia Workforce Council. An allocation to a LWIB includes:

- The initial allocation for that program year.
- Any increase or decrease to the initial allocation. This includes any funds transferred to or from another fund source, (e.g., from adult to dislocated worker). Therefore, if the allocation is increased or decreased, the 80 percent factor adjusts accordingly.

The Virginia Employment Commission will use the information in the year-end expenditure reports that are submitted by each local area for each of the three funding streams, as adjusted above, to determine what amount of funding is eligible to be recaptured. A revised Notice of Obligation will be issued by the VEC to each area affected by recapture by September 1st of each year. The identified amount of recaptured funds will be converted to Statewide 10% funds.

Recaptured Fund Usage

Funds returned to the state at the end of the first program year will be available for expenditure by the state. The State may use local grant recipients and subrecipients depending on the specific project.

Possible uses in addition to those Statewide activities allowed by law at the discretion of the Governor include, but are not limited to:

- 1) Expanded incumbent worker training activities
- 2) Economic Development activities permitted in conjunction with a separate waiver approved by the USDOL
- 3) Delivery of services to citizens in local areas where sufficient local resources are not available or where additional assistance is required
- 4) Workforce development certifications for one stop staff to improve service delivery to customers and strengthen the local workforce delivery system

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- 5) Funding special pilot and/or demonstration projects that benefit hard to serve populations
- 6) Costs associated with implementation of a common performance measurement system across multiple partner agencies. A data warehouse and other IT needs are required for this effort.

The State may also reallocate recaptured funds to LWIBs. Local areas that have spent 80% or more of their original allocation of funds for that program year may apply to the State to receive a portion of funds that have been recaptured. To apply, an area must identify a documented need and planned use for the additional funds, in addition to meeting the criteria listed below. An application process will be developed by the state and applications will be available by August 1st of each year.

- 1) In order to tie funding to high performance, a local area must have met and exceeded the same number of performance measures that the State met or exceeded for the same program year.
- 2) A local area must specify in a written request the proposed use for the funds, and the use must be for either the worker pipeline (K-20), workers with challenges, or worker improvement.
- 3) A local area with a combined local formula allocation of less than \$1,000,00 that does not meet item 1 above may seek additional funding if it has met the spending threshold for the year and item 2 above. Such a request must indicate how the local area is committed to the state strategic direction identified in the State Plan, and also include a corrective action plan to address and improve upon the performance measures that were failed by that local area in that program year.

Expiration Date: Effective until rescinded or modified by future State policy.

RECISIONS:

APPROVED:

DRAFT

Marjorie Connelly, Chairman
Virginia Workforce Council

Dolores A. Esser, Commissioner
Virginia Employment Commission

DATE APPROVED:

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